



**Director of
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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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ZAIRE: Economic Morass

Zaire is facing its fifth consecutive year of economic contraction and worsening foreign debt problems despite high copper and cobalt prices. Efforts by Western creditors and the International Monetary Fund have not yet led President Mobutu's government to change its slipshod financial practices or reduce graft. Copper and cobalt production will likely decline this year because of skilled manpower shortages, equipment breakdowns, and transportation delays.

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Public corruption and the inability of the Finance Ministry and the Zairian legislature to produce a budget acceptable to the IMF are major obstacles to an IMF standby credit. Reluctant to cut spending, legislators have been trying to uncover new sources of revenue. At best, the budget portends heavy domestic borrowing, which will produce inflation equal to or greater than last year's 100 percent rate. If the IMF deal is stalled, hardships and popular dissatisfaction with the Mobutu regime would be intensified.

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Although Zaire has made substantial progress since 1975 in reducing the trade deficit, the impact of many measures has been watered down by the lack of political will to carry through. Mobutu's power continues to rest to a large extent on maintaining personal control over substantial funds--perhaps \$100 million a year--to buy off potential political rivals. He also turns a blind eye to subversion of reforms that would endanger the high life style of key subordinates. In these circumstances, a possible new IMF standby agreement entailing tighter Zairian economic policies probably could not be expected to yield reform on the scale necessary to turn the economy around.

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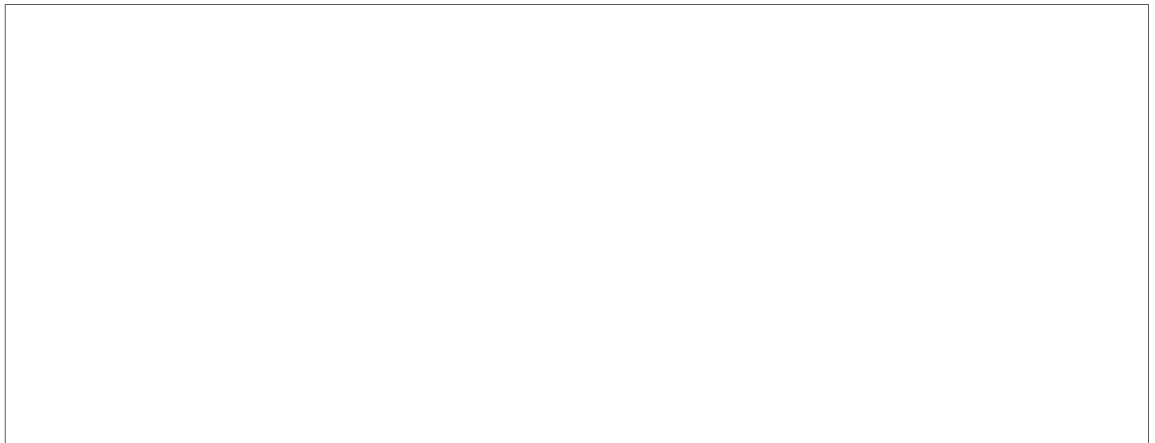
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DJIBOUTI: Dissident Raid

The attack last week by Afar dissidents on a Djiboutian military camp could highlight continuing tension between the country's two major ethnic groups. The attack, in which two ethnic Somali Issa soldiers were killed, may be a reaction by Afar radicals to the recent government announcement of the formation of a national political party. Radical Afar youth, who have received support from Ethiopia, probably see the party as an attempt to institutionalize the conservative regime of President Gouled, an Issa. Despite Gouled's recent efforts to introduce political institutions and strengthen the government's presence in the hinterlands, he probably will be able to do little more than maintain an uneasy balance between the competing interests of the Afars and Issas as well as between neighboring Ethiopia and Somalia, both of which have designs on the country. 

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CENTO: Pakistan, Iran Withdrawing

The announcements yesterday that Pakistan and Iran will withdraw from the Central Treaty Organization probably mean the end of this long-moribund defense alliance. Only Turkey and the UK will remain as full members. Pressure from Iran before the fall of the Shah probably was the main factor keeping Pakistan in CENTO in recent years, and Tehran's decision to leave the organization presumably tilted the balance in Islamabad against continued membership. Pakistan had earlier been considering withdrawal to signal displeasure with US policies toward Pakistan, to facilitate closer ties with the nonaligned movement, and perhaps to appease the USSR. The decision reflects a longstanding belief in Pakistan that membership was of little benefit and that neither the US nor China--which has urged Pakistan to remain in CENTO--would react strongly. [REDACTED]

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Turkey

The US Embassy in Ankara reports that the Turkish Government remains very sensitive concerning speculation that US intelligence collecting installations in Iran might be relocated to Turkey. Ankara's public position, as stated by Prime Minister Evcecit in his interview in *Der Spiegel* in January, is that Turkey would not "inherit" US monitoring stations from Iran and that existing US installations in Turkey are under Turkish command and operate within the framework of NATO as authorized by the Turks. [REDACTED]

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South Africa - Angola - Zambia

[REDACTED] 25X1
South African forces continued their attacks begun on 6 March through Sunday and struck a total of at least 12 camps in Angola and Zambia used by guerrillas of the South-West Africa People's Organization. A South African military spokesman said that all of the camps--eight in Angola and four in Zambia--were located within 50 kilometers of the border. The raids consisted primarily of air attacks, although some heliborne ground troops also participated. Both South African and Angolan authorities say few guerrillas were killed. The South Africans, however, probably destroyed a number of forward staging bases used for infiltration into Namibia and captured weapons and documents. [REDACTED]

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Poland-USSR

Polish First Secretary Gierek arrived in Moscow yesterday on a previously unannounced visit and was met by President Brezhnev. [REDACTED]

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COMMENT: *The reason for the visit was not given, but topics likely to be covered in Brezhnev-Gierek talks are the Polish economic situation and the visit to Poland by Pope John Paul II in June. Gierek last went to Moscow in mid-1978 on a surprise one-day working trip.* [REDACTED]

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Bangladesh

Senior Minister Mashiur Rahman died in a hospital in Dacca last night. He was hospitalized last week after suffering a "cerebrovascular accident." According to the US Embassy in Dacca, Mashiur had been the leading candidate to become prime minister. [REDACTED]

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